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REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
REGIONAL CENTRE ON GROUNDWATER  
RESOURCES EDUCATION, TRAINING AND  
RESEARCH IN EASTERN AFRICA

FOR THE YEAR  
ENDED 30 JUNE 2017





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**REGIONAL CENTRE ON GROUNDWATER RESOURCES EDUCATION  
TRAINING AND RESEARCH IN EASTERN AFRICA**

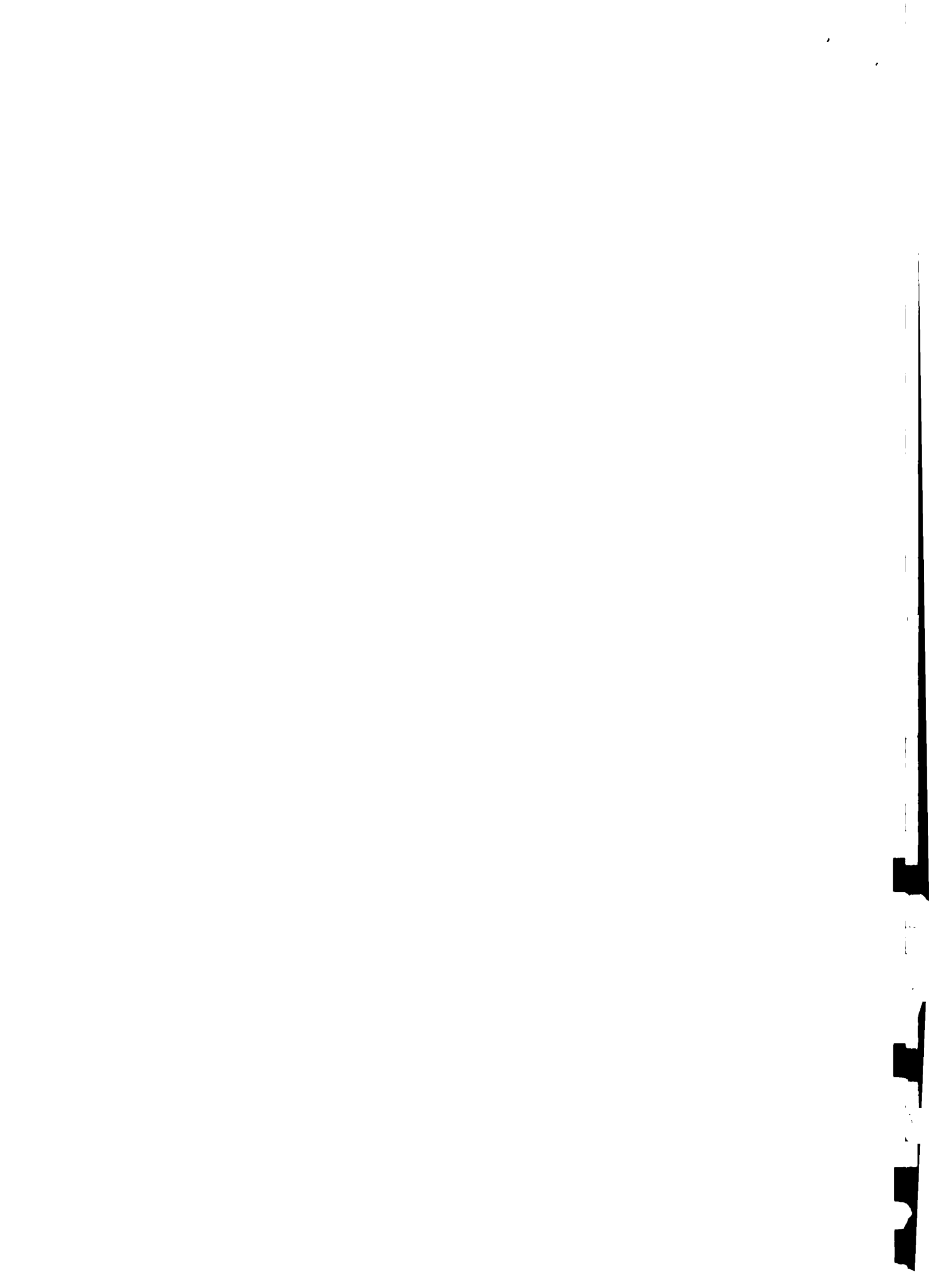
**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2017**

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**Prepared in accordance with the Cash Basis of Accounting Method under the International  
Public Sector Accounting Standards (IPSAS)**



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## **1. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

The *Regional Centre on Ground Water Resources Education Training and Research in Eastern Africa (RCGWRET&REA)* was formed on 4<sup>TH</sup> February, 2016 by the State Department of Water Resources. At cabinet level, the *entity* is represented by the Cabinet Secretary for Ministry of Water & Irrigation, who is responsible for the general policy and strategic direction of the *entity*. The *entity*'s objective is the promotion of education, training and research on ground water resources within the Eastern Africa Region.

### **(b) Key Management**

The *entity*'s day-to-day management is under the following key organs:

- Board of Directors

### **(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 20xx and who had direct fiduciary responsibility were:

<u>No.</u>	<u>Designation</u>	<u>Name</u>
1.	Accounting Officer	- Prof. Fred Segor
2.	Ag. Director/CEO	- Mr. Wilson Maili Lekoomet
3.	Head of Accounting Unit	- Mr. Peter Kabebe
4.	Centre Accountant	- Mr. Yobesh D. Mogaka

### **(d) Fiduciary Oversight Arrangements**

The Centre shall be audited by the Auditor General, Kenya National Audit Office (KENAO) who has statutory responsibility over the auditing of all public entities.

Other oversight responsibilities are provided by the implementing State Department of Water Services whose accounting systems and structures are currently used in the processing of the Centre's payments.

### **(e) Entity Headquarters**

P.O. Box 41156-00100  
Maji House  
Nairobi, KENYA

## **Entity Contacts**

Telephone: (254) 0726-722666

E-mail: groundwatercentre@water.go.ke

Website: www.go.ke

### **(f) Entity Bankers**

1. Kenya Commercial Bank  
Moi Avenue Branch  
A/c No 1198339578

### **(g) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

### **(h) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya



## 2. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.


The Accounting Officer in charge of State Department of Water Services and the Ag Director/ CEO of the *Regional Centre on Ground Water Resources Education Training and Research in Eastern Africa (RCGWRET&REA)* are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Accounting Officer in charge of State Department of Water Services and the Ag Director/ CEO of the *RCGWRET&REA* accept responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2017, and of the entity's financial position as at that date. The Accounting Officer charge of the *entity* further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of State Department of Water Services and the Ag Director/ CEO of the *RCGWRET&REA* confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

### Approval of the financial statements

The *entity's* financial statements were approved and signed by the Accounting Officer on 28/09/ 2017.

  
Principal Secretary  
Prof. Fred Segor

  
Principal Accounts Controller  
Mr. Peter Kabebe  
ICPAK Member Number: 3845

  
Ag. Director/CEO  
Mr. Wilson Maili Lekoomet



# REPUBLIC OF KENYA

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Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON REGIONAL CENTRE ON GROUNDWATER RESOURCES EDUCATION, TRAINING AND RESEARCH IN EASTERN AFRICA FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

##### **Adverse Opinion**

I have audited the accompanying financial statements of Regional Centre on Groundwater Resources Education, Training and Research in Eastern Africa set out on pages 6 to 15, which comprise the statement of assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Regional Centre on Groundwater Resources Education, Training and Research in Eastern Africa as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the State Corporations Act, Cap 446 of the Laws of Kenya.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that public money has not been applied lawfully and in an effective way.

##### **Basis for Adverse Opinion**

###### **1. Presentation and Disclosure**

The financial statements have not been prepared to comply with standards and the guidelines and reporting template provided by the Public Sector Accounting Standards Board. The financial statements have been prepared using the cash method instead of accrual basis. Key information is missing including board members and key staff, the report of the Director, the corporate governance statement, management discussion and analysis report, corporate social responsibility statement, report of the board, statement of directors' responsibilities, the heading and period is not reflected on each and every page of the report, there is no disclosure on the adoption or

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*Report of the Auditor-General on the Financial Statements of Regional Centre on Groundwater Resources Education, Training and Research In Eastern Africa for the year ended 30 June 2017*



otherwise of new and revised standards and related party disclosure. Further, a trial balance was not provided for audit review.

In view of the foregoing, it has not been possible to confirm the accuracy and completeness of the financial statements for the year ended as at 30 June 2017.

## **2. Cash and Cash Equivalents**

The statement of assets reflects a cash and cash equivalents balance of Kshs.5,337,132 as at 30 June 2017. However, reconciling items in the bank reconciliation statements for some months lacked vital details like cheque numbers making it difficult to identify the transactions in the cash book and the bank statements and confirm the accuracy of the reconciliations. Further, details of the reconciling items not yet cleared were not included in the subsequent reconciliation statements hence audit could not establish whether they indeed cleared or not.

In the circumstances, it has not been possible to confirm the accuracy and completeness of the cash and cash equivalents balance of Kshs.5,337,132 as at 30 June 2017.

## **3. Purchase of Non-current Assets**

The Centre purchased assets amounting to Kshs.2,595,900. However, the assets were not capitalized but were wrongly expensed instead of being capitalized. In consequence, the safety, custody and accuracy of non-current assets balance could not be confirmed as at 30 June 2017.

## **4. Compensation of Employees**

During the year under review, Kshs.1,334,389 was spent on compensation of employees. However, the personnel costs are reported net of PAYE and therefore the final employee costs are understated. Consequently, it has not been possible to confirm compensation of employees cost of Kshs.1,334,389 as at 30 June 2017.

## **5. Unsupported Board Expenses**

The expenditure on Board expenses has been erroneously posted to the use of goods and services account instead of the board expenses account. The Centre has nine board members. The board chair person has been receiving monthly honoraria at a rate of Kshs.80,000 per month since February 2016 when the Centre was started to date. The Centre has also been paying sitting allowances to board members for sittings. To date board members' expenses formed a major part of the expenditure on use of goods and services Kshs.2,676,817 since the Centre has not recruited staff. The Centre had only an acting CEO and accountant who were both deployed from the State Department for Water and Sanitation. Also, no explanation has been provided for not having the Centre operationalized.



Under the circumstance, the Centre did not realize value for money of the board expenses of Kshs.2,676,817 as at 30 June 2017.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Regional Centre on Groundwater Resources Education, Training and Research in Eastern Africa in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe the audit evidence obtained is sufficient and appropriate to provide a basis for my adverse opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters discussed in the Basis for Adverse Opinion and Other Matter sections of my report, I confirm that, there were no other Key Audit Matters to communicate in my report.

### **Other Matter**

#### **1. Failure to Budget for the Centre**

It was observed that the Centre received funds from the Government entities in form of transfers and made payment for activities related to the Centre. However, the funds were not provided in the approved budget. As a result, the Centre operated with excess vote.

#### **2. Internal Control and Operating Environment**

##### **2.1 General Environment**

The Centre has not yet put in place or developed a code of conduct for employees, appropriate governance structures like an up to date organizational chart, neither has a strategic plan, operational plan and a risk management policy been developed; or policies and procedures to guide key financial processes and controls.

##### **2.2 Internal Audit Arrangements**

There was no evidence of internal audit work in form of reports, work plans or risk assessments for the Center. Further, no evidence of audit committee appointments, proceedings or reports were provided for review.

##### **2.3 IT Internal Controls**

The Centre is yet to put in place an IT strategic committee, security policy, disaster recovery plan and user management standards and procedures.



In consequence, the internal control and operating environment could not enhance integrity of financial information for effective governance.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Centre or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

### **Auditor-General's Responsibilities for the Audit of the Financial Statements**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

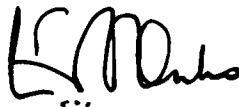
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Centre to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**2 October, 2018**



**4. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED JUNE  
30, 2017**


	Note	2016-2017 Kshs	2015-2016 Kshs
<b>RECEIPTS</b>			
Transfers from Other Government Entities	9.1	16,400,000	-
<b>TOTAL RECEIPTS</b>		<b>16,400,000</b>	-
<b>PAYMENTS</b>			
Compensation of Employees	9.2	1,334,389	-
Use of goods and services	9.3	7,132,579	-
Acquisition of Non-Financial Assets	9.4	2,595,900	-
<b>TOTAL PAYMENTS</b>		<b>11,062,868</b>	-
<b>SURPLUS/DEFICIT</b>		<b>5,337,132</b>	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28/09/2017 and signed by:




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Principal Secretary  
Prof. Fred Segor



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Principal Accounts Controller  
Mr. Peter Kabebe  
ICPAK Member Number: 3845



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Ag. Director/CEO  
Mr. Wilson Maili Lekooemet

5. STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2017

	Note	2016-2017 Kshs	2015-2016 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	9.5A	5,182,307	-
Cash Balances	9.5B	50,825	-
<b>Total Cash and cash equivalent</b>		<b><u>5,233,132</u></b>	<b>-</b>
Accounts receivables – Outstanding Imprests		104,000	-
<b>TOTAL FINANCIAL ASSETS</b>		<b><u>5,337,132</u></b>	<b>-</b>
<b>FINANCIAL LIABILITIES</b>			
<b>NET FINANCIAL ASSETS</b>		<b>5,337,132</b>	<b>-</b>
<b>REPRESENTED BY</b>			
Surplus/Deficit for the year		5,337,132	-
<b>NET FINANCIAL POSITION</b>		<b><u>5,337,132</u></b>	<b>-</b>


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28/09/ 2017 and signed by:


		
Principal Secretary Prof. Fred Segor	Principal Accounts Controller Mr. Peter Kabebe ICPAK Member Number: <u>3845</u>	Ag. Director/CEO Mr. Wilson Maili Lekooemet

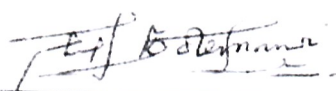
6. STATEMENT OF CASH FLOWS AS AT JUNE 30, 2017

		2016-2017 Kshs	2015-2016 Kshs
<b>Receipts for operating income</b>			
Transfers from Other Government Entities	9.1	16,400,000	-
<b>Payments for operating expenses</b>			
Compensation of Employees	9.2	(1,334,389)	-
Use of goods and services	9.3	(7,132,579)	-
<b>Net cash flow from operating activities</b>		<b>(8,466,968)</b>	-
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Non-Financial Assets	9.4	(2,595,900)	-
<b>Net cash flows from Investing Activities</b>		<b>(2,595,900)</b>	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>5,337,132</b>	-
Cash and cash equivalent at BEGINNING of the year		-	-
Cash and cash equivalent at END of the year	9.5D	5,337,132	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27/09 2017 and signed by:

  
Principal Secretary  
Prof. Fred Segor

  
Principal Accounts Controller  
Mr. Peter Kabebe  
ICPAK Member Number: 3845

  
Ag. Director/CEO  
Mr. Wilson Maili Lekoomet




**7. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS AS AT  
JUNE 30, 2017**


<b>Receipt/Expense Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from Other Government Entities	-	16,400,000	16,400,000	16,400,000	-	100
<b>Total Receipts</b>	-	<b>16,400,000</b>	<b>16,400,000</b>	<b>16,400,000</b>	-	
<b>PAYMENTS</b>						
Compensation of Employees	-	1,887,297	1,887,297	1,334,389	552,908	71
Use of goods and services	-	11,012,703	11,012,703	7,132,579	3,880,124	65
Acquisition of Non – Financial Assets	-	3,500,000	3,500,000	2,595,900	904,100	74
<b>Total Payments</b>	-	<b>16,400,000</b>	<b>16,400,000</b>	<b>11,062,868</b>	<b>5,337,132</b>	<b>67</b>

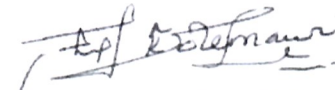
Provided below is a commentary on significant underutilization on the expense items

- i. Under spending on the compensation of employees was because of non-payment of the support staff as the modalities have not been finalised.
- ii. Under spending of purchase of goods and services was due to delayed relocation of the Centre offices to a rented premises in KEWI, which had been factored in the budget but not paid. Some goods planned to be purchased were not procured due to limited office space. Savings were also realised because the group insurance for the directors was still on process of procurement of the service provider during the closure of the financial year. No payment was made for the policy.
- iii. Underspending under acquisition of non – financial assets was due to savings during the procurement of the items as the lowest bidder was selected.

The entity financial statements were approved on 28/05/ 2017 and signed by:

  
Principal Secretary  
Prof. Fred Segor

  
Principal Accounts Controller  
Mr. Peter Kabebe  
ICPAK Member Number: 3845

  
Ag. Director/CEO  
Mr. Wilson Maili Lekoomet



## 8. SIGNIFICANT OF ACCOUNTING POLICIES

### 8.1 Basis of Preparation

The principle accounting policies adopted in the preparation of these financial statements are set out below:

#### a. **Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below.

This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The receivables and payables are disclosed in the Statement of Assets and Liabilities. The Statement of Assets and Liabilities is not mandatory statement under the IPSAS Cash basis but is encouraged in order to disclose information on assets and liabilities.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

Note that there are no comparative figures for the last financial year because this is the first year of the Centre's financial operations.

#### b. **Reporting entity**

The financial statements are for the *Regional Centre on Ground Water Resources Education Training and Research in Eastern Africa (RCGWRET&REA)*. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012. and also comprise of the following development projects implemented by the entity:

### 8.2 Recognition of receipts and payments

#### a) **Recognition of receipts**

The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the entity. The only receipt for the Centre was the transfer of funds from the State Department of Water Services.

**b) Recognition of payments**

The entity recognizes all expenses when the event occurs and the related cash has actually been paid out by the entity.

**8.3 Compensation of employees**

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid. The amount paid by the Centre was in respect of the top up to the Ag. Director/ CEO.

**8.4 Use of goods and services**

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills. There were no pending bills for the Centre.

**8.5 Acquisition of Non-Financial Assets**

The Centre acquired Furniture and Office Equipment in the financial year under review totaling Ksh 2,595,900.

A fixed asset register is maintained by Centre. This summary is disclosed as an annexure to the entity's financial statements.

**8.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Kenya Commercial Bank at the end of the financial year.

**8.7 Accounts Receivable**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. The Centre had an accounts receivable of Ksh 104,000 being imprest outstanding at the closure of the year.

## 9 NOTES TO THE FINANCIAL STATEMENTS

### 9.1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

<b>Description</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers from Central government entities – State Department of Water Services	16,400,000	-
<b>TOTAL</b>	<b>16,400,000</b>	<b>-</b>

The above transfers were received from the following self-reporting entities in the year

### 9.2 COMPENSATION OF EMPLOYEES

	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Other personnel payments	1,334,389	-
<b>Total</b>	<b>1,334,389</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**9.3 PURCHASE OF GOODS AND SERVICES**

	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Foreign travel and subsistence	694,765	-
Training expenses	2,682,800	-
Hospitality supplies and services	3,179,981	-
Office and general supplies and services	369,022	-
Other operating expenses	206,011	-
<b>Total</b>	<b>7,132,579</b>	<b>-</b>

**9.4 ACQUISITION OF NON – FINANCIAL ASSETS**

<b><u>Non-Financial Assets</u></b>	<b>2016-2017</b>	<b>2015-2016</b>
Purchase of Office Furniture and General Equipment	2,595,900	-
<b>Total</b>	<b>2,595,900</b>	<b>-</b>



### 9.5A: BANK ACCOUNTS

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit e.t.c	Exc rate (if in foreign currency)	2016-2017	2015-2016
				Kshs	Kshs
<i>Kenya Commercial Bank, Moi Avenue, A/c 1198339578 (Kshs)</i>	5,182,307	Development	N/A	5,182,307	-
<b>Total</b>	<b>5,182,307</b>			<b>5,182,307</b>	<b>-</b>

### 9.5B: CASH IN HAND

	2016-2017	2015-2016
	Kshs	Kshs
Cash in Hand – Held in domestic currency	50,825	-
<b>Total</b>	<b>50,825</b>	<b>-</b>

Cash in hand should also be analysed as follows:

	2016-2017	2015-2016
	Kshs	Kshs
Location - Centre Office	50,825	-
<b>Total</b>	<b>50,825</b>	<b>-</b>

### 9.5C: IMPRESTS & ADVANCES

	2016-2017	2015-2016
	Kshs	Kshs
Outstanding Imprest - Employee	104,000	-
<b>Total</b>	<b>104,000</b>	<b>-</b>

### 9.5D. FUND BALANCE BROUGHT FORWARD

Description	2016-2017	2015-2016
	Kshs	Kshs
Bank accounts	5,182,307	-
Cash in hand	50,825	-
Outstanding Imprest	104,000	-
<b>Total</b>	<b>5,337,132</b>	<b>-</b>

10 ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) 2015/2016</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost c/f (Kshs) 2016/2017</b>
Office equipment, furniture and fittings	-	2,595,900	-	2,595,900
<b>Total</b>	-	<b>2,595,900</b>	-	<b>2,595,900</b>

NB: This balance is for the assets procured in this year which is the first year of operation.



**REGIONAL CENTRE GROUNDWATER RESOURCES EDUCATION TRAINING AND RESEARCH IN EASTERN AFRICA**

REGISTER OF ASSETS F/Y 2016/2017						
DATE	QTY	PARTICULARS	MODEL	SERIAL/NO	EACH	AMOUNT KSHS
5/5/2017	ONE	4 DRAWER FIRE BROOF CABINATE		FY-B047		178,400.00
	1	PHOTO COPIER BW C KCYOCERA	TASKALFA 1800	LBC4309804		295,000.00
	2	EXECUTIVE OFFICE DESK			67,500.00	135,000.00
	1	HP SCANNER	HP2500 FI	CN595A104J	34,000.00	34,000.00
	2	EXECUTIVE CHAIRS			43,900.00	87,800.00
	1	SECRETARIAL DESK			37,500.00	37,500.00
	1	4 WAY WORKSTATION			118,000.00	118,000.00
	8	OFFICE CHAIRS			12,000.00	96,000.00
	1	CONFERENCE TABLE 12 SEAT			152,600.00	152,600.00
	12	CONFERENCE CHAIRS			24,000.00	288,000.00
	5	IN /OUT TRAYS			3,000.00	15,000.00
	1	LAPTOP	HP 13-UO33CA	8CG63517MN	118,900.00	118,900.00
	1	LAPTOP	HP 13-UO33CA	8CG6381P6G	118,900.00	118,900.00
	1	SECRETARIAL COUNTER			378,200.00	378,200.00
	1	PRINTER HP	MI76N	CNG75BK9QY	65,000.00	65,000.00
	1	PROJECTOR SONY	DX220	70044106385	120,000.00	120,000.00
	1	DESKTOP PC HP	HP PAVILION ALL IN ONE	8CC5360FPS	119,200.00	119,200.00
	1	DESKTOP PC HP	HP PAVILION ALL IN ONE	5CM5120V7	119,200.00	119,200.00
	1	DESKTOP PC HP	HP PAVILION ALL IN ONE	5CM4260DQP	119,200.00	119,200.00
		<b>TOTAL KSHS</b>				<b>2,595,900.00</b>

REGIONAL CENTRE GROUND WATER RESOURCES EDUCATION TRAINING AND RESEARCH IN EASTERN AFRICA

OUTSTANDING IMPREST AS THE PERIOD ENDED 30<sup>TH</sup> JUNE 2017

S/No.	Names	Amount Kshs.
1.	Wilson Maili Lekoomet	104,000.00



		REPUBLIC OF KENYA		
				F.O. 30
		MINISTRY OF WATER AND IRRIGATION		
		REGIONAL CENTRE ON GROUND WATER RESOURCES EDUCATION, TRAINING AND RESEARCH IN EASTERN AFRICA		
		DEVELOPMENT D-11		
		BANK RECONCILIATION STATEMENT AS AT 30 <sup>TH</sup> JUNE, 2017		
		KSHS.		KSHS.
Balance as per bank certificate				6,858,187.40
<b>Less</b>				
1. Payments in cashbook not yet recorded in the Bank statement B/F		24,000.00		
Add for June		1,654,097.00		(1,678,097.00)
2. Receipts in bank statement not yet recorded in cashbook B/F				Nil
<b>Add</b>				
3. Payments in bank statement not yet recorded in cashbook B/F		48,322.00		
Add for June. 2017		231.00		
		48,553.00		
less cleared		46,336.00		2,217.00
4. Receipts in cashbook not yet recorded in bank statement B/F				NIL
Balance as per the cashbook				5,182,307.40
<b>I certify that I have verified the bank balance in the cashbook with the bank statement and that the above reconciliation is correct.</b>				
<b>Signature</b>		<b>Designation</b>		
(All schedules are attached herewith)				

**JUNE 2017 RECONCILIATION ANALYSIS**

**Payment in cash book not yet recorded in Bank statement**

Date	Cheq. No	PAYEEE	Amount. Kshs.
21/6/2017	,000051	THIMEX SERVICES LTD	1,437,300.00
30/6/2017	,000052	AMB. MARY M. KHIMULU	56,000.00
30/6/2018	,000053	WILSON LEKOOMET	78,957.90
30/6/2019	,000054	COMMISSIONER OF DOMESTIC TAX	57,839.10
30/6/2020	,000055	COMMISSIONER OF DOMESTIC TAX	24,000.00
<b>TOTAL</b>			<b>1,654,097.00</b>
<b>Payment in bank statement not yet recorded in cash book</b>			
2/6/2017		Bank Charges	105.00
2/7/2017		Bank Charges	10.50
29/6/2017		Bank Charges	105.00
29/6/2018		Bank Charges	10.50
29/6/2019		Add. cents not taken by Tax	0.30
<b>TOTAL</b>			<b>231.30</b>



Results 1 - 1 of 1

1218 CA 41 BRANCHES  
CERTIFICATE OF BALANCE

KCB Bank Limited  
(Incorporated in Kenya)

CERT1719415243

KCB MOI AVENUE 13 JUL 2017  
.....

Certified that the balance at the CREDIT OF RGNL CNTR G WTR RESOU  
.....

A/C 1198339578  
.....

at the close of business on 30 JUN 2017 Was KES  
.....

SIX MILLION EIGHT HUNDRED AND FIFTY EIGHT THOUSAND ONE HUNDRED AND EIGHTY SEVEN  
.....

KES 6,858,187.40  
.....

Examined by KCB BANK KENYA LTD.

for: KCB BANK KENYA LTD.

SERVICE QUALITY & COMPLIANCE MANAGER  
Manager, Service Quality & Compliance

BRANCH MANAGER  
CAPITAL HILL BRANCH  
Branch Manager



7 July 2017  
14:42:33

ACCOUNT STATEMENT

Customer:

Account: 1198339578 RGNL CNTR G WTR RESOURCES Current Account - Bundled

Statement Period: 01 JUN 2017 - 30 JUN 2017

Balance at Period Start 7,816,383.30 KES Balance at Period End: 6,858,187.40 KES

TXN DATE	DESCRIPTION	VALUE DATE	MONEY OUT	MONEY IN	LEDGER BALANCE
	BALANCE B/FWD				7,816,383.30
02 JUN 2017	Interim Stmt Charge AT-D PC FT171539D5RS	02 JUN 2017	-105.00		7,816,278.30
02 JUN 2017	Interim Stmt Charge AT-D PC FT17153RMM6R	02 JUN 2017	-10.50		7,816,267.80
06 JUN 2017	INHouse CHQ000045 AT- DPC FT17156D4X6P	06 JUN 2017	-104,000.00		7,712,267.80
08 JUN 2017	TaxPmt AT-CAPHL P051 629005F P051629005F F T17159	08 JUN 2017	-592,042.00		7,120,225.80
08 JUN 2017	INHouse CHQ000048 AT- DPC FT17159GTF1M	08 JUN 2017	-78,957.90		7,041,267.90
14 JUN 2017	Inward Cheque Debit CH Q47 AT-DPC FT17165Y W1BH	14 JUN 2017	-56,000.00		6,985,267.90
15 JUN 2017	Inward Cheque Debit CH Q50 AT-DPC FT1716666 YXV	15 JUN 2017	-126,965.00		6,858,302.90
29 JUN 2017	Interim Stmt Charge AT-D PC FT17180RD62B	29 JUN 2017	-105.00		6,858,197.90
29 JUN 2017	Interim Stmt Charge AT-D PC FT171806YFLY	29 JUN 2017	-10.50		6,858,187.40
			=====	=====	=====
	BALANCE AT PERIOD E ND		-958,195.90	0.00	6,858,187.40

Verified True Copy of the Original  
FOR KCB BANK KENYA LTD.  
Personal Banker  
CARTER & BULL, NAIROBI

Date. 17<sup>th</sup> July, 2017

Report of the Board of Survey on the Cash and Bank Balances of **REGIONAL CENTRE ON GROUNDWATER RESOURCE EDUCATION, TRAINING AND RESEARCH IN EASTERN AFRICA** as at the close of business on 30<sup>th</sup> June, 2017

The Board, consisting of-(Names and Official titles)

**KIMANI NDEGWA** - CHAIRMAN  
**CHURCHIL WAWERU** - MEMBER  
**YUVNALIS OGERO** - MEMBER

Assembled at the **K.W.S.C.R.P** offices.....  
 at **10.00.P.M.** (time) on the **17<sup>th</sup> July, 2017**.....

As the following cash was produced:-

Note. ....	Sh. ....	50,800/=
Silver ... ..	Sh. ....	25/=
Copper ... ..	Sh. ....	NIL
Cheques as per details on reverse... ..	Sh. ....	NIL

It was observed that cheques amounting to. .... **N/A**.....cts..... had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.

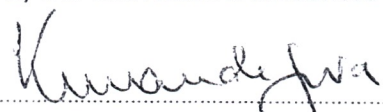
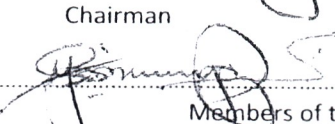
The Cash Book reflected the following balances as at the close of business on the **30<sup>th</sup> June, 2017**

Cash on hand .. .. .	Sh. ....	50,825/
Bank balance .. .. .	Sh. ....	6,858,187.40
	Sh. ....	6,909,012.40

The Bank Certificate of Balance showed a sum of **Six Million, Eight Hundred and Fifty Eight Thousand, One hundred and Eighty Seven and Forty Cents** (Sh. 6,858,187.40) standing to the credit of the account on.....**30<sup>TH</sup> JUNE, 2017**

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

Date 03/07/2017

  
 \_\_\_\_\_  
 Chairman  
  
 \_\_\_\_\_  
 Members of the Board